

99821-5

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April 1966

Declass Review by NGA

U.S. Government
Washington, D.C.

Attention: Contracting Officer

Subject: Modulated Light Film Viewer
Task Order No. 02 (100,795) 65R
Basic Agreement No.

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Reference: (a) letter 1 March 1966 to Contracting Officer
and Technical Representative
(b) Sponsor's letter March 25, 1966

Gentlemen:

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In response to Reference letter (b)
 believes that subject contract value of mis-
represents the efforts and direction in which was authorized
by the Sponsor to proceed on this Cost Plus Award Fee development
contract.

Modifications and redirections are normal during development
type contracts. However, the usual practice is for the Govern-
ment to promptly incorporate appropriate changes by written
modifications or alternatively by written technical direction
sheets. The Government was repeatedly advised of the cost situ-
ation and the projected work on the subject program as follows:

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1. letter to Contracting Officer 14 October 1965

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Basic Agreement No.

-2-

19 April 1966

Limitation of Cost Report --

Estimated
Totals% to Contract
Schedule

"Breakeven Costs through 10/3
Anticipated Expenditure Oct.
Remaining for November

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"Indications are, therefore, that contract funding at present rate of expenditure will be fully utilized by 12 November 1965.

"Accordingly, it is requested of the Contracting Officer that consideration be given to providing additional funds under this task order prior to 12 November 1965 to assure continuity of effort."

2. Monthly Narrative Report - November 1965 sent to the Contracting Officer contained:

"D. Status of Fund Expenditures to End of Monthly Period

Funds expended at breakeven level to 28 November 1965: STAT

July
August
September
October
November

The cumulative expenditures through November of exceeded the B/E Cost contract value of as of that date by overrun.

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That same November Report included Paragraph C. "Projected Work for Next Monthly Period" and Paragraph E. "Documentation of Verbal Commitments and/or Agreements During the Period."

The absence of any contrary response from the Contracting Officer, to whom this report was addressed, did in truth represent

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Basic Agreement No. [] -3-

19 April 1966

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to [] the Contracting Officer's concurrence in "Agreements during the Period" and the "Projected Work" delineated therein.

3. Monthly Narrative Report - December 1965 sent to the Contracting Officer contained the Status of Fund Expenditures to End of Monthly Period delineated in 2. above and added

B/E Costs

December

Prior to the submission of the December Report, Amendment No. 1 was received which increased the B/E Cost value of the contract to [] indicating an Overrun through December of []

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This report also included Paragraph C. "projected Work for Next Monthly Period."

Again there was no contrary response from the Contracting Officer, so [] continued to perform the contract work.

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4. On February 8, 1966 a combined EPT and Modulated Light Table Programs Review was held at []

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Page 3 of the minutes thereof contains: "A review was made of the status of the modulated light viewing table program. [] indicated an anticipated final direct cost of [] (break-even cost [] with Prototype #1 being completed by March 11 and Prototype #2 by April 5. This final cost represents an overrun of [] above the budgeted contract cost plus the [] had agreed to absorb. R.N. indicated that these costs would have to be reviewed and a decision as to further action would be made by the customer by February 11. He advised [] to continue on its present work schedule, but not to make any new commitments until direction was received from the customer."

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No decision was received from the Customer.

In the letter of transmittal of these minutes, dated 22 February 1966, [] requested notification of any corrections, omissions and on page 4 of the minutes included a space for []. No corrections or omissions (or approval) Government Approval

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Basic Agreement No. -

19 April 1966

STAT

were received. This interpreted as agreement with the contents of the Minutes. *Why not?*

5. Monthly Narrative Report - January 1966, sent to the Contracting Officer, included the Projected Work for Next Monthly Period, the Status of Fund Expenditures and Documentation of Verbal Commitments and/or Agreements delineated in Attachment A hereto. Much of the Projected Work and Agreements involved modifications and additional work, yet again there has been no response from you either confirming the proposed work and continued expenditure or telling us to cease work. This again we interpreted as agreement regarding the continued work and expenditures therefor.

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6. On February 23 a project review was presented at the Sponsor's establishment (attended by the Contracting Officer). presented:

1. Technical and performance parameter status.
2. Alternative technical objectives and plans of projected work.
3. Financial status
Break-even Cost (through 2/20/66)
Minimum to complete (using existing CRT)
Minimum Anticipated Final Cost

Contract Cost at Break-even

Absorbed Costs

Maximum Overrun (using existing CRT)

4. Possible Cost Increments

Using new CRTs to be developed with greater illumination capabilities, two alternative cost increments were presented:

Alt. #1

Alt. #2

Alt. #2 would provide improvements over Alt. #1

The sponsors requested that give them a firm statement of what technical performance can be accomplished for what firm dollars.

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STAT Basic Agreement No. [] -5- 19 April 1966

STAT 7. On March 1st [] submitted the performance parameters
 STAT which it was willing to guarantee for a ceiling price of []
 STAT after absorbing [] of the overrun. [] indicated that
 STAT investigatory work on CRT improvement was taking place but not
 STAT being charged to the customer. It stated "depending upon the
 STAT potential improvements indicated [] would recommend incorporation
 STAT of those which would materially extend the performance parameters.
 STAT It would be [] intention to incorporate the resultant improve-
 STAT ments, mutually agreed upon, at no additional cost to the
 customer." That letter requested a decision by 3/4/66 whether
 to complete the equipment at the then present technical accomplish-
 ment level or with potential improvements. The decision was not
 received.

STAT 8. March 7th: Sponsor's technical people and contracting
 officer visited [] to operate and examine the equipment. They
 stated that a decision would be made by March 9th. No such
 decision was received.

9. March 14th: Sponsor requested [] help on 3/16 to
 prepare new set of specifications for table. STA

STAT 10. [] arranged to be at Sponsor's establishment on 3/16.
 STAT Customer did not work out new specification with [] He wanted
 STAT [] to do so. Wanted new proposal, greater detail on specs,
 full documentation and guarantees on all phases of table operation.

Customer indicated that funds would not be available until
 at least one month after technical acceptance of any such docu-
 mentation, and likely not until Fiscal 1967.

STAT 11. [] letter of 22 March requested a response to the letter
 STAT of 1 March and proposed to complete the Tables, in accordance
 with the third paragraph of that letter, for the ceiling price of
 []

Your letter of March 25 refers to "projected overrun." The
 above periodic delineation of incurred costs and overrun should
 have dispelled any misinterpretation as "projected overrun."

You also state that the "Sponsor is willing to accept the
 equipment in its present state of completion and to reimburse

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Basic Agreement No. []

-6-

19 April 1966

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you [] up to the present maximum amount stated in the contract of [].

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[] is unwilling to accept your offer.

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Throughout the above [] has kept the Contracting Officer informed of the progress of the work, the projected work, the actual costs incurred, the projected costs and the progressive overrun. Not once has the Contracting Officer indicated lack of agreement with the continuance of work as planned.

At this late date it would be completely inequitable for the Sponsor to disclaim any liability for the continuance of the work beyond the contract value.

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We therefore request that a contract modification be issued bringing the Contract Cost up to [] the Target Fee to [] and the total Contract Value to []

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Since receiving your letter to pack and ship the equipment [] has adjusted the equipment and peaked the performance so that it will serve the utmost benefit to your people. We have also made appropriate modifications to the draft of the Operation and Maintenance Instructions, so that it may continue to serve you.

Sincerely yours,

ORIGINAL

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RAT/mtt

[]
Contract Negotiations and
Administration

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PROTOTYPE MODULATED-LIGHT FILM VIEWING TABLES

CONTRACT TASK ORDER NO. 02(100,677)65R

Monthly Narrative Report - January 1966

ATTACHMENT A

Excerpts Pages 3, 4 & 5

C. Projected Work for Next Monthly Period

Based upon current estimates of work completion, the pre-delivery inspection of the first prototype table is scheduled for March 11. The remaining major tasks include:

Electrical Modification

Optimum feedback (testing)

Microscope raster follow and pickup

Kinescope defocus

Mechanical Modification

Cover plate latch

Pantograph re-adjustment

Complete System Testing and Checkout.

Based upon current estimates on work completion, the pre-delivery inspection of the second prototype table is scheduled for April 5. The remaining major tasks include:

Mechanical Sub-Assembly

Pantograph modification and assembly

Cage assembly

Harnesses (cabling)

Electrical, Mechanical Modification

Electrical-Mechanical Integration

Electrical Mechanical Testing

Final Instruction and Maintenance Manual.

D. Status of Fund Expenditures to End of Monthly Period

Funds expended (and committed) at break-even level to 30 January 1966:

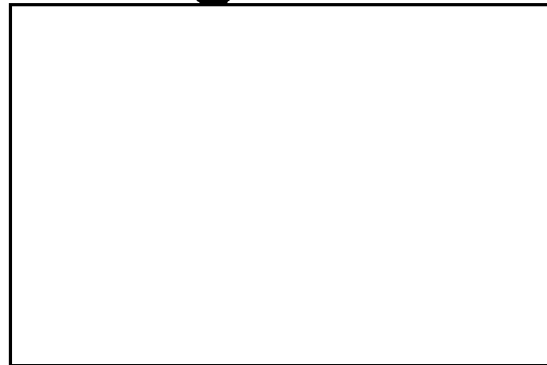
July

August

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September
October
November
December (revised)
January (estimated)



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E. Documentation of Verbal Commitments and/or Agreements During the Period

1. In connection with the presentation at the on January 6, promised to prepare and forward minutes of the meeting as soon as possible. This agreement was met.

2. As a result of the various discussions on January 6, ten action items covering tasks to be performed by were listed:

- 1) Review and optimize the feedback system
- 2) Perform some additional systems operation
- 3) Repair film cover latch
- 4) Make necessary raster-follow adjustments
- 5) Provide kinescope defocus
- 6) Perform required additional measurements
- 7) Place a stop on the kinescope high-voltage adjust
- 8) Attach microscope photomultiplier pickup
- 9) Move rear legs on control console
- 10) Re-adjust pantograph

Tasks 1,2,6 and 7 have already been performed or are well under way and nearing completion. The other items are scheduled for completion before March 11.

3. It was further agreed on January 6 that the impact on the program of two Government-requested equipment modifications would be determined and reported by RCA:

- 1) Increase width of film loading door
- 2) Improve the film transport

This agreement was met. (The width of the film loading door on each prototype table was subsequently increased by two inches. Best estimates for the cost of improving the film transport were higher than

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4. During a telephone conversation with the Technical Representative on January 19, personnel agreed to define contrast compression as the ratio of maximum brightness (through minimum density areas of the transparency) without modulation to that with modulation, minimum brightness (through maximum density areas of the transparency) remaining constant.

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